FAIRACTION
https://fairaction.ngo

Australia
Level 13, 333 George St. Sydney NSW 2000 Australia
Phone: +61 2 8091 2493

Nigeria
2A Epapa Adegbayi Ogungbade, Ibadan Oyo State, Nigeria
+234 703 632 2916

Risk Assessment and Management Guidelines

Document History

Version	Date	Description	Next Review
1	1/6/2024	Created and updated as per ACFID requirements	Before annual board meeting

If you require further information regarding this document, please contact: info@fairaction.ngo

Purpose

Fairaction International acknowledges the complexities and vulnerabilities associated with operating in diverse social, cultural, and environmental contexts, particularly in regions that face issues of marginalization due to gender, culture, and physical abilities. Our commitment is to recognize, address, and, where possible, mitigate risks related to these issues, ensuring our efforts in providing sustainable water solutions do not inadvertently contribute to further marginalization or discrimination.

This document outlines the guidelines that govern Fairaction International's approach to risk assessment and management. It is designed as a dynamic 'living' document, evolving through continuous learning and adaptation based on our experiences and changes in operational environments.

Scope and Objectives

- **Comprehensive Coverage:** These guidelines apply to all aspects of our operations, from project planning and execution to partnerships and community engagements, both within Australia and in our overseas projects, including our subsidiary operations.

- **Risk Identification:** Systematic identification of potential risks that could impact or derail our projects, with a specific focus on social, cultural, and gender-related vulnerabilities.

- **Risk Assessment:** Detailed assessment of the identified risks in terms of their likelihood and potential impact, ensuring a clear understanding of the extent and severity of each risk.

- **Risk Mitigation:** Development and implementation of strategies to mitigate or minimize the identified risks. This includes both preventive measures and responsive strategies to address issues as they arise.

- **Continuous Improvement:** Regular review and updating of the risk management strategies and guidelines based on new insights, experiences, and changes in the operational context.

Implementation Strategy

- **Risk Management Team:** Formation of a dedicated risk management team with representatives from relevant departments, including project management, community relations, and compliance, to oversee the implementation of these guidelines.

- **Stakeholder Engagement:** Involvement of local communities, partners, and other stakeholders in the risk assessment process to ensure that all potential risks are identified and addressed from multiple perspectives.

- **Monitoring and Reporting:** Establishment of monitoring mechanisms to track the effectiveness of risk mitigation strategies and to provide regular updates to the management and board of directors.

- **Feedback Loop:** Creation of a feedback loop involving all stakeholders to gather insights and recommendations for improving the risk management process.

Definitions

Risk

Risk is defined as: "The probability or threat of damage, injury, liability, loss, or any other negative occurrence that may impact the organization's objectives." Understanding and managing risks effectively is essential for achieving Fairaction International's mission of providing sustainable water solutions.

Discrimination

Discrimination refers to the unjust or prejudicial treatment of different categories of people, especially on the grounds of race, age, sex, or disability. Fairaction International is committed to combating discrimination in all forms and ensuring equal opportunity and treatment in all its activities and practices.

Vulnerable Person

A **Vulnerable Person** is an individual whose ability to protect themselves from violence, abuse, or neglect is significantly impaired due to factors such as physical or mental disability, illness, age, or societal and cultural attitudes and beliefs. Fairaction International prioritizes the protection and empowerment of vulnerable persons within its programs and operations.

Potentially Impacted Parties

Fairaction International's operations potentially impact various groups, each with distinct roles and interactions with the organization:

- **Customer or Program Beneficiary:** Refers to individuals such as children or adults who directly benefit from or contribute to any of Fairaction International's programs. This group might include community members receiving water solutions, local stakeholders, and beneficiaries of educational outreach.

- **Stakeholder:** Any group or individual invested in the success of Fairaction International's programs, including Board members, funding partners, donors, government officials, and other supporters.

- **Partner:** Organizations or individuals that collaborate with Fairaction International to deliver projects in specific locations over a designated period.

- **Staff:** Individuals who are employed by Fairaction International, whether under a permanent contract, fixed-term contract, part-time basis, or as consultants.

- **Volunteer:** Individuals or groups contributing to Fairaction International's efforts, typically without monetary compensation, for a defined period.

- **Visitor:** Individuals or groups who visit Fairaction International's project locations temporarily, often accompanied by staff, to observe or participate in project activities.

Risk Assessment Guidelines

Responsibilities

At Fairaction International, the implementation of the risk assessment and management process is a collective responsibility. Our staff, partners, and volunteers are all accountable to the CEO and the Board of Directors for ensuring these processes are effectively carried out. This accountability framework ensures that everyone within the organization understands their role in managing risks and contributes to the overall safety and effectiveness of our operations.

Monitoring & Governance

- **Risk Register:** Fairaction International maintains a comprehensive Risk Register that details all identified risks along with their mitigating actions. This register is a critical tool for tracking and managing risks across all our project locations and operational areas.

- **Review and Updates:** The risk ratings within the Risk Register are dynamic and can be adjusted as necessary based on new information or changes in the operational environment. The Board of Directors reviews this register quarterly, while the CEO conducts monthly reviews to ensure timely responses to emerging risks.

- **Staff Engagement:** All staff, partners, and volunteers are thoroughly briefed on the risk management process. Upon induction, they are provided with a copy of these guidelines, ensuring they are well-informed about their responsibilities and the protocols to follow.

Risk Tolerance

- **Acknowledgment of Inherent Risks:** Fairaction International recognizes that our work, particularly in regions facing significant water scarcity and related challenges, comes with inherent risks. Our operations in these areas necessitate a degree of risk acceptance.

- **Mitigation and Contingency Plans:** While we strive to mitigate risks through careful planning and preventive measures, we also acknowledge the possibility of risk events occurring due to the complex environments in which we operate. Therefore, contingency plans are in place to address any adverse events promptly and effectively, minimizing their impact on our projects and beneficiaries.

- **Ongoing Risk Reduction Efforts:** Continuous efforts are made to reduce risks through enhanced procedures and controls. However, the organization remains prepared to manage situations where risks materialize despite these efforts.

Risk Assessment Framework

Fairaction International employs a structured and thorough approach to risk assessment that encompasses four main elements. This framework ensures that all potential risks are identified, assessed, and managed effectively to support our mission of providing sustainable water solutions.

Understanding/Updating the Risk Context

To comprehensively assess risks, Fairaction International utilizes a set of guiding questions to define the risk context clearly:

a. **For Whom:**

- **Identification of At-Risk Groups:** Determine who is at risk within the context of our projects—children, young adults, adults, or specific age groups.
- **Understanding Specific Vulnerabilities:** Assess if the individuals are particularly vulnerable due to their gender, social and financial status, profession, disability, caste, or religious affiliation.

b. **Who/What is the Source of Risk:**

- **Potential Risk Sources:** Identify the origin of potential risks, which could include Fairaction International staff, political entities, government bodies, community and cultural beliefs, environmental factors, and infrastructure challenges.
- **Extended Network Risks:** Consider risks emanating from Fairaction International's extended network, such as social media followers or other online platforms.

c. **What/Why:**

- **Nature and Reason for Risk:** Describe the specific risk and explain why it is considered a risk to the vulnerable parties and to Fairaction International. Consider whether the risk is time-bound or linked to particular circumstances.

Identifying the Risk Level

To evaluate and prioritize risks, Fairaction International uses a simple risk matrix that considers both the impact and the likelihood of each risk event:

- **Likelihood/Probability:** This dimension assesses how probable it is that a given risk will materialize.
- **Impact:** This evaluates the potential consequences on both the vulnerable parties involved and on Fairaction International's operations and objectives.

Risk Assessment Process:

- **Initial Assessment:** The project manager conducts an initial risk assessment at the start of every project and before entering into any new collaboration. This assessment includes filling out the risk matrix to visualize potential risks clearly.

- **Ongoing Monitoring:** Risks are continually monitored throughout the project lifecycle to identify any changes in the risk landscape. Adjustments to risk management strategies are made as necessary.

Governance and Monitoring

- **Risk Register:** All identified risks and their assessments are recorded in Fairaction International's Risk Register. This register is a critical tool for tracking risks across the organization.

- **Periodic Reviews:** The Risk Register is reviewed regularly by the leadership team, the CEO, and the Board of Directors. These reviews ensure that all risks are managed proactively and that the register remains up-to-date with the latest information and assessments.

- **Staff and Partner Engagement:** All staff, partners, and volunteers are briefed about the risk management process and are provided with a copy of the risk assessment guidelines during their induction. This ensures everyone is informed and aligned with Fairaction International's risk management practices.

Identifying the Risk Level

Fairaction International employs a straightforward matrix to assess the impact and likelihood of each potential risk associated with its projects and collaborations. This assessment is conducted by the project manager at the onset of each initiative.

Likelihood refers to the probability of the risk event occurring, while **Impact** measures the potential consequences on both vulnerable parties and Fairaction International itself. The matrix below provides a structured framework for this analysis:

RISK PROBABILITY

PROBABILITY LEVEL	DESCRIPTION
HIGHLY UNLIKELY	Rare chance of an occurrence
UNLIKELY	Not likely to occur under normal circumstances
POSSIBLE	May occur at some point under normal circumstances
LIKELY	Expected to occur at some point in time
HIGHLY LIKELY	Expected to occur regularly under normal circumstances

RISK SEVERITY MATRIX based *on Impact and Probability Levels*

IMPACT x PROBABILITY	**NOT SIGNIFICANT**	**MINOR**	**MODERATE**	**MAJOR**	**SEVERE**
HIGHLY UNLIKELY	LOW	LOW	LOW / MED	MEDIUM	MEDIUM
UNLIKELY	LOW	LOW / MED	LOW / MED	MEDIUM	MED / HIGH
POSSIBLE	LOW	LOW / MED	MEDIUM	MED / HIGH	MED / HIGH
LIKELY	LOW	LOW / MED	MEDIUM	MED / HIGH	HIGH
HIGHLY LIKELY	LOW / MED	MEDIUM	MED / HIGH	HIGH	HIGH

RISK SEVERITY LEVEL select *corresponding Severity Level from matrix above based upon Impact and Probability Levels*

	SEVERITY LEVEL
	LOW
	LOW / MED
	MEDIUM
	MED / HIGH
	HIGH

Assessing Impact to Vulnerable Party(ies)

- **Low Impact:** It is highly unlikely that the vulnerable party will be significantly affected by the risk.

- **Medium Impact:** The risk might have a moderate effect on the vulnerable party, potentially influencing their well-being or rights.

- **High Impact:** There is a strong likelihood that the risk could severely impact the vulnerable party, possibly leading to substantial harm or rights violations.

Assessing Impact to Fairaction

- **Low Impact:** The risk is unlikely to substantially affect Fairaction's operations or reputation.

- **Medium Impact:** Potential exists for the risk to moderately affect Fairaction's project outcomes or operational effectiveness.
- **High Impact:** The risk poses a serious threat to Fairaction's operational continuity, legal standing, or public reputation.

Using the Risk Matrix Project managers can use this matrix at the beginning of each project by evaluating each identified risk and placing it within the appropriate cells based on its estimated likelihood and potential impact. This methodical approach helps in prioritizing risks and allocating resources effectively to mitigate them. The matrix also aids in developing contingency plans and strategic responses to ensure both the safety of vulnerable parties and the integrity of Fairaction's operations.

Creating and Implementing a Risk Mitigation Plan

Fairaction International utilizes a structured four-step process to create and implement risk mitigation plans effectively, ensuring the safety of vulnerable parties and the organization's integrity. This methodical approach helps manage and minimize risks associated with our projects.

Step 1: Identify Options and Weigh Them

The first step involves identifying possible mitigation strategies and assessing them based on:

- **Amount of Effort Required:** Evaluating how much work and complexity each option involves.

- **Resources Required:** Determining the resources each option will consume and its impact on our operational model.

- **Capacity to Deliver:** Considering our capability to implement these options effectively.

Step 2: Select the Best Approach

After evaluating the options, the most suitable approach is selected. This decision is based on the effectiveness of the strategy in mitigating risks while optimizing resource use. In scenarios where the identified risk poses a high threat to either the vulnerable groups we support or our organizational operations, we might opt to pause the project temporarily. This pause allows us to reassess our strategies and seek alternative, less risky methods to continue our work.

Step 3: Develop the Mitigation Plan

The chosen approach is detailed in a comprehensive plan that outlines:

- **Tasks/Actions to be Undertaken:** Specific steps that will be executed to mitigate the risk.

- **Owner of Each Task/Action:** Assigning responsibility to team members who will oversee the implementation of each task.

- **Beneficiary of the Plan:** Identifying who will benefit from the risk mitigation—typically the project participants or the organization itself.

- **Timeframe for Implementation:** Setting clear deadlines for each action to ensure timely execution.

- **Related Communication:** Planning how information related to the risk mitigation will be communicated within and outside of Fairaction International.

- **Data/Feedback Collection:** Establishing mechanisms for gathering data and feedback to assess whether the mitigation plan is effective and making adjustments as necessary.

Step 4: Implement the Plan

Finally, the mitigation plan is put into action according to the defined parameters. Continuous monitoring and adaptation based on feedback and new information are essential to ensure the plan remains effective and responsive to changing circumstances.